

Office Memorandum • UNITED STATES GOVERNMENT

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TO :

DATE: 6 January 1951

FROM :

SUBJECT: The Organization for Economic Research in CIA

1. Economic research and analysis must, in some measure, be done within CIA. This is to be insisted upon. The reasons are many. There are commodities and manufacturing industries of importance to the national security which are not likely to be adequately studied outside of CIA. The same thing may be said of many aspects of functional analysis. Those who have some knowledge of economic research and analysis in Washington will hardly doubt that CIA should undertake research and analysis of significant commodities and industries as well as research of a general functional sort.

2. Economic research must also be done within CIA in such areas as are of outstanding importance to the security of the United States. The Soviet Union is obviously the chief of these areas. But attention to the Soviet Union calls for the study of the countries in the Soviet Orbit and of neighboring countries that may be brought within the Soviet Orbit. It is hardly less important to deal with neighboring countries that may be expected to resist inclusion in this Orbit. In any case the centering of attention in the Soviet Union should not be viewed as setting up an arbitrary limit upon the area to be studied.

It is clear, to point out the obvious example, that China must be fully and exhaustively studied. The economic position of China in its new relations with Soviet Russia, the attitude of the Chinese toward domestic changes and the new international relations of the country problems of manpower and of the availability of skilled labor are a few among the subjects which are indicated as having increased importance. Growing dependence on covert intelligence may be a further reason for CIA attention to China.

The significance of China is, in turn, merely somewhat greater than that of the countries of Southeast Asia and such countries as India, Iran and Turkey.

Latin America calls for minor attention, but there should be in CIA a center of information as to what others are doing on Latin America. Even Latin America is not to be entirely disregarded.

3. The required analysis must be related to the problems that rise to importance from time to time and to the problems of the long-run national security. The suggestion is made that within the research division there be set up a committee of research analysts. This committee might have the additional functions of planning and reviewing research projects, but there are dangers in giving it too many functions, especially those of a routine sort. Effective discussion and participation in analysis by a group is difficult to bring about but highly useful if it can be done. The further suggestion is offered that the chairman of the committee of research analysts, whatever it is called, should sit in with the group of general analysts in O/NE. He should in any case be an observer without a vote and attend some of the meetings of the O/NE group. It may be suggested, also, that one of the economists from the O/NE group of analysts sit with the committee of research analysts.

4. The relation between the division or divisions devoted to economic research and to other agencies in Washington carrying on economic research requires special examination. It is suggested that inter-agency relations be the responsibility of a single officer in CIA. He should be an important officer of the division. He should have a committee or group within the division working with him. He should be given power to deal authoritatively with other agencies and to come to definite arrangements with them. He should know what is being done in other agencies; he should be able to influence what is being done, to offer true cooperation and to bring about needed research at the request of CIA.